



Sustainable development: Innovations in business

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PREFACE

Innovation and sustainable development have become buzzwords in the 21st century with the idea of creative destruction launched by Joseph Alois Schumpeter being the main base for evolutionary economics. However, new institutional economics helps to understand the necessity of support provided to entrepreneurs and innovators by science and administration to reduce the risk of launching the said innovations. This e-book is devoted to selected types of innovation. Every type of innovation is described with the use of theoretical background and is enriched by adequate case study.

Traditional division into four types of innovation, proposed by Schumpeter (1934), containing product, process, organizational and marketing innovations, was widely accepted, including European Union institutions (OECD/Eurostat, 2008). The concept of innovation has long been dominated by a technical approach to the innovation process, despite the economic arguments exposed by one of the precursors of the theory of innovation and, at the same time, the school of evolutionary economics—J.A. Schumpeter. Frequently, in the context of innovation, it is indicated that organizational and marketing aspects play a part in the successful introduction of innovation onto the market.

The structure of the book is based on the typology proposed by Keeley, Walters, Pikkell and Quinn (2013, table 1), which focuses on the economic character of innovations. Ten types of innovation are directly related to Schumpeter's and Oslo Manual classification. A new set of innovations emphasize the economic side of innovation process. The technical novelties are to support new configuration, offering or customers' experience. This new approach is based on presumptions coming from design thinking idea, leading to user—driven innovation and on cooperation with institutions and entities supporting innovation process.

The chapters are devoted to every type of innovation, grouped into three major parts: innovations based on configuration, offering and experience. In the book, configuration includes types of innovations focused on innermost workings of an enterprise and its business system. Offering part contains the types of innovations, that are focused on an enterprise's core product (good or service), or a collection of its products. The last part, dedicated to innovations based on experience, is focused on more customer-facing elements of an enterprise and its business system.

Table 1. Ten types of innovations

Profit model	Network	Structure	Process	Product performance	Product system	Service	Channel	Brand	Customer Engagement	10 types
Configuration These types of innovations are focused on innermost workings of an enterprise and its business system										
The company makes money in the ways that are different from competitors' or industry norms	The company works with other firms or surprising collaborators to develop new offerings that drive a shift from business as usual	The company has a unique or unusual organizational structure and approach to attracting the best assets	The company is uniquely skilled at doing or delivering across goods, services and platforms	Offering These types of innovations are focused on an enterprise's core product (good or service), or a collection of its products	Product system	Service	Channel	Brand	Customer Engagement	(Keeley)
				The company produces a notably superior offering that dominates market share or earns a substantial premium	The company makes multiply products that connect with one another in unique ways	The customers rave about their interactions with the company, particularly those instances where things went wrong, and the company somehow made everything right	The company delivers its offerings to customers and users in the ways that challenge or confound what is usual within the industry	The company has an unusually distinct or vivid identity, particularly when compared to the rivals	The offerings confer a unique identity, status, or sense of recognition to users, and they become a part of their lives	
Ad-supported Bundled pricing Flexible pricing Freemium Membership Premium	Alliances Collaboration Franchising Open innovations Secondary markets Merger/ Acquisitions	Competency Centre Corporate university Decentralized management Incentive systems Knowledge Management Organizational design	User generated process Flexible manufacturing Intellectual property Lean production On-demand production Process automation	Customization Ease of use Engaging functionality Environmental sensitivity Safety Styling	Extensions Plug-ins Integrated offerings Modular systems Product bundling Goods/service platforms	Guarantee Loyalty programs Personalized service Self-service Supplementary service “Try before you buy”	Cross-selling Experience centre Flagship store Go direct On-demand Pop-up presence	Brand extension Certification Co-branding Component branding Private label Transparency	Community and belonging Curation Experience Simplification Mastery Personalization Status and recognition	Tactics/instruments

Source: (Keeley et al., 2013).

Sustainable approach is described within case studies, which come from countries represented by the Authors.

The first chapter, entitled *Business model as an innovation*, is dedicated to business model as an innovation and includes CDProjekt Red case study, the publisher of the *Witcher* games series from Poland. In the second chapter, entitled *Network as an innovation: social innovation—The case of the hospital help initiative during Covid-19 pandemic*, the Authors focus on network as an innovation. They describe interesting case study of www.wsparciedlaszpitala.pl platform, which is a result of scientists' and practitioners' initiative to support hospitals during Covid-19.

The purpose of the third chapter, entitled *Structure as an innovation*, is aimed to present basic theoretical fundamentals in the field of structurally significant formations that companies apply in the process of their business operations, market projections and innovative changes. The Author describes Bulgarian industrial companies, PIM-Ltd and M+S Hydraulic Plc., operating in steel and construction sector.

The aim of the fourth chapter, entitled *Process as an innovation*, is presentation of key essential aspects of innovation and their specific diversity. The case of company from Bulgaria, i.e., Tomika Metal JSCo, that have implemented business process innovations is described, as well as the results of the innovation changes.

The fifth chapter, entitled *Sustainable agriculture: Development of organic farming. Case study of the Czech Republic*, includes a description of two types of innovation, a group within offering part, product performance and product system as innovations, typical of big international companies. They are shown on the example of best Czech organic farm, located in Milinov. The case study relates to the future of organic farming development, which could be considered as an innovative alternative approach for future generations.

The sixth chapter, entitled *Service as an innovation*, opening the last part of the book, is dedicated to innovations based on customer experience. In this chapter two case studies from Czech Republic, which map two different service innovations can be found. The first one describes implementing new CRM system and several new processes around it, including product use enhancements, offer of warranties and guarantees. The second one shows the development of an old books seller, based on the innovation in information and education. Both types of innovation are increasingly delivered through electronic interfaces, remote communications, automated technologies, and other solutions.

In the seventh chapter, entitled *Innovations on rail freight market*, dedicated to channel as an innovation, the Authors describe innovations on rail freight market on the example of the Croatian national carrier HŽ Cargo, which built its competitive advantage by such innovations as intermodal terminals, RO-LA, and digitalization of business operations.

The eighth chapter, under the title of *Brand as an innovation—the case of Czech wine*, focuses on Czech wine, sold under the brand “Svatomartinske”. The Author

takes us on a journey around winery sector and viticulture, that are among the oldest craft industry in the Czech Republic. Innovation in local wine producer is shown, which gives us the opportunity to see the process of new product launching in low technology industry. It needs to build good relationships with local community, including customers and local government with its events.

In the last chapter, entitled *Storytelling in business—how to increase customer engagement?*, dedicated to customer engagement, the Author emphasizes storytelling in business. The question “how to increase customer engagement?” is the core idea of the text. Storytelling, as a marketing innovation, was described using two case studies: Polish market regarding the use of storytelling in employee recruitment and customer engagement.

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